



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

NOTICE OF MODIFICATIONS TO PROPOSED REGULATIONS

To Interested Persons:

On June 26, 2020, the Commissioner of Financial Protection and Innovation¹ published a Notice of Rulemaking Action to amend Sections 30.101.5, 30.200, 30.300, and 30.803 of Title 10 of the California Code of Regulations (see California Regulatory Notice Register 2020, No. 26-Z). These sections are related to the California Credit Union Law.

After consideration of public comments, the Commissioner is proposing further amendments to the regulations. A copy of the proposed amendments is being made available to the public in accordance with the requirements of Government Code section 11346.8, subdivision (c). The text showing amendments to section 30.300, subdivision (b) and section 30.803, subdivision (a), and non-substantive changes to section 30.102 is attached. The originally proposed sections are shown in single underline, and the changes proposed by this notice are shown by double underlining of additions and double strike-out of deletions. The public may submit comments on the proposed changes, as described more fully below.

DESCRIPTION OF CHANGES

Section 30.300, subdivision (b)

The Department received comments that the meaning of the terms “equity” and “person” needed additional clarity. The term “equity” is amended to “equity capital” as that term is defined in Financial Code section 14400. This subdivision is also amended to define the term “person” as it is defined in Financial Code section 14001.1.

Additionally, based on comments received, the Department is retaining the allowance for investments in an “investment company” (commonly known as a “mutual fund”) as defined in the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) or trusts provided all investments and investment practices of the investment company or trust would be permissible if made directly by the credit union or federal credit unions. This is already permitted under the current regulations.

Section 30.803, subdivision (a)

In response to comments received, the Department has decided not to remove references to NCUA Regulations 701.21 (c)(5) and 701.21(d)(8). This section is also amended to

¹ The Department of Financial Protection and Innovation was formerly known as the Department of Business Oversight.

incorporate by reference the version of the cited federal regulations in the latest available annual edition of the Code of Federal Regulations, which is dated January 1, 2020.

Section 30.102, subdivision (a)(4)(H)

The Department has made a non-substantive amendment to this section to reflect changes to Section 30.300. Specifically, the reference to “Section 30.300(b)(6)” is amended to “Section 30.300(b).”

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available on the Department of Financial Protection and Innovation’s website at www.dfpi.ca.gov, and from the Legal Division of the Department of Financial Protection and Innovation. As required by the Administrative Procedure Act, the Legal Division maintains a rulemaking file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Julie Jacob at (916) 576-4910.

15-DAY COMMENT PERIOD

Any interested person may submit written comments regarding the changes from the originally proposed amendments by written communication addressed as follows:

Commissioner of Financial Protection and Innovation
Attn: Regulations Coordinator, Legal Division
300 So. Spring Street, Suite 15513
Los Angeles, CA 90013

Comments must be received by March 11, 2021. Written comments may also be sent to regulations@dfpi.ca.gov with a copy to Julie.jacob@dfpi.ca.gov or via fax at (213) 897-8860.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code Section 11349.3. Questions regarding the content of this notice may be directed to Julie Jacob at (916) 576-4910.

Dated: February 24, 2021
Sacramento, California